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of the State of California
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Attorneys for Complainant

BEFORE THE
BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

| | | |
|---------------------------------|---|------------------------|
| In the Matter of the Accusation |) | NO. AC-96-29 |
| Against: |) | |
| BRUCE LEONARD RAINE |) | STIPULATION AND WAIVER |
| P. O. Box 288 |) | OF RIGHTS |
| San Ramon, CA 94583 |) | |
| Certified Public Accountant |) | |
| Certificate No. CPA 35126 |) | |
| Respondent. |) | |

IT IS HEREBY STIPULATED by and between Bruce Leonard Raine ("Respondent") by and through his attorney, Ray Finn, and the Board of Accountancy, State of California Department of Consumer Affairs ("Board"), by and through its attorney, Jeanne C. Werner, Deputy Attorney General, that the following matters are true, correct and factual:

1. The Accusation in Case No. AC-96-29 is currently pending against Respondent, said Accusation having been filed with the Board on May 14, 1997.

Ray Finn
Its _____

1 2. Carol B. Sigmann, Executive Officer of the Board,
2 is the Complainant in the Accusation, which was filed and
3 prosecuted solely in her official capacity.

4 3. Respondent is represented in this matter by Ray
5 Finn, Esq., 15760 Ventura Boulevard, Suite 700, Encino, CA
6 91436.

7 4. The Board acquired jurisdiction over Respondent
8 because Respondent is a Board licensee and was served with a copy
9 of the Accusation and all other documents required by Government
10 Code sections 11503 and 11505. Respondent has received and read
11 the Accusation, and has timely filed a Notice of Defense. A copy
12 of the Accusation is attached hereto as Exhibit A and
13 incorporated herein.

14 5. Respondent and his attorney have fully discussed
15 the charges contained in Accusation No. AC-96-29, and Respondent
16 has been fully advised regarding his legal rights and effects of
17 this stipulation.

18 6. Respondent has read and understands the charges
19 made against him in the Accusation and the terms and conditions
20 contained in this stipulation. Respondent further understands
21 and freely and voluntarily waives rights as set forth below.that
22 he may have in this proceeding to a hearing on the charges and
23 allegations contained in the Accusation, to reconsideration, to
24 appeal, to judicial review, and to all other rights which he may
25 have under the California Administrative Procedure Act and the
26 laws and regulations of the State of California.

27 7. Respondent hereby withdraws his Notice of Defense

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1 previously filed in this action and agrees to be bound by the
2 terms of this Stipulation and Order of the Board accepting the
3 revocation.

4 WAIVER OF RIGHTS

5 8. Respondent understands the nature of the charges
6 alleged in the Accusation and that, if proven at hearing, the
7 charges and allegations would constitute cause for imposing
8 discipline against Certificate No. CPA 35126 issued to
9 Respondent. Respondent is fully aware of his right to a hearing
10 on the charges contained in the Accusation, his right to confront
11 and cross-examine witnesses against him, his right to the use of
12 subpoenas to compel the attendance of witnesses and the
13 production of documents in both defense and mitigation of the
14 charges, his right to reconsideration, appeal, and any and all
15 other rights accorded by the California Administrative Procedure
16 Act and other applicable laws. Respondent knowingly, voluntarily
17 and irrevocably waives and gives up each of these rights.

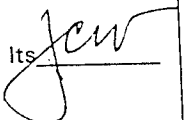
18 BASIS FOR DISCIPLINE

19 9. Respondent admits that he has subjected his
20 license to disciplinary action pursuant to Business and
21 Professions Code section 5100(a) on the grounds of unprofessional
22 conduct in that on or about July 18, 1995, in the United States
23 District Court for the Eastern District of California, in *United*
24 *States of America v. Bruce Raine*, Case No. CR.S-95-00312-001, he
25 pled guilty to one count of filing false claims against the
26 United States during the time period June 30, 1992 through
27 September 15, 1994 (18 U.S.C. § 1003), which plea was accepted

1 pursuant to a judgment filed on November 18, 1995. Respondent
2 was ordered to make restitution in the amount of \$306,000
3 (jointly and severally with other defendants); ordered to pay a
4 \$5,000 fine; sentenced to probation for a term of five years; and
5 was precluded by the court from employment where he has control
6 over financial resources of non-profit or for profit agencies.

7 The circumstances surrounding the conviction are
8 substantially related to the qualifications, functions and duties
9 of a certified public accountant or public accountant in that
10 they evidence a present or potential unfitness to perform the
11 functions authorized by his certified public accountant
12 certificate in a manner consistent with the public health, safety
13 or welfare. Respondent, while serving as the director of a
14 federally and state-funded program (State of California payments
15 were \$840,000 annually) paid consulting fees to two individuals
16 though no consulting work was performed.

17 10. The parties agree that the Stipulation recited
18 herein shall be null and void and not binding upon the parties
19 unless approved by the Board, except for this paragraph, which
20 shall remain in effect. In the event the Board in its discretion
21 does not approve this settlement, this Stipulation, with the
22 exception of this paragraph, is withdrawn, shall be of no
23 evidentiary value, shall not be relied upon or introduced in any
24 disciplinary action by either party hereto, and shall not be
25 construed as a waiver of Respondent's right to a hearing or as an
26 admission of the truth of any of the matters charged in the
27 Accusation. However, Respondent understands and agrees that, in

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1 deciding whether or not to adopt this Stipulation, the Board may
2 receive oral and written communications from its staff and the
3 Attorney General's office. Communications pursuant to this
4 paragraph shall not disqualify the Board or other persons from
5 future participation in this or any other matter affecting
6 Respondent. Respondent agrees that should the Board reject this
7 Stipulation and if this case proceeds to hearing, Respondent will
8 assert no claim that the Board was prejudiced by its review and
9 discussion of this Stipulation or of any records related hereto.

10 11. Based on the foregoing admissions and stipulated
11 matters, the parties agree that the Board shall, without further
12 notice or formal proceeding, issue and enter the following Order:

13 DISCIPLINARY ORDER

14 IT IS HEREBY ORDERED that Certified Public Accountant
15 Certificate No. CPA 35126 issued to Leonard Bruce Raine shall be
16 revoked. Further, it is ordered that:

17 A. Respondent may petition for reinstatement of the
18 revoked license no earlier than five years from the effective
19 date of this decision.

20 B. Respondent shall pay the Board \$8,000 in
21 reimbursement of its costs of investigation and prosecution prior
22 to his filing a petition for reinstatement with the Board.

23 C. Respondent shall surrender the pocket license
24 and/or wall license or certificate and all other evidence of
25 licensure to the Board. Said license and other evidence of
26 licensure shall be surrendered to a designated Board
27 representative on or after the effective date of the decision of

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1 the Board accepting this agreement to revocation.

2 **ACCEPTANCE**

3 I have read the above Stipulation and Disciplinary
4 Order. I understand the effect this will have on my certified
5 public accountant certificate, and agree to be bound thereby. I
6 enter this stipulation freely, knowingly, intelligently and
7 voluntarily. I agree that a signed facsimile of this document
8 shall be as binding as an original signed copy.

9 DATED: FEB. 17, 1998

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BRUCE LEONARD RAINE
Respondent

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I have read the above Stipulated Settlement and
Disciplinary Order and approve of it as to form and content. I
have fully discussed the terms and conditions and other matters
therein with Respondent Bruce Leonard Raine.

DATED: 2/17/98



RAY FINN
Attorney for Respondent

ORIGINAL

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*Fixed by
R. Finn;
To be used as
original.*

Jew

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary
Order is hereby respectfully submitted for the consideration of
the Board.

DATED: Mar. 10, 1998

DANIEL E. LUNGREN, Attorney General
of the State of California

Jeanne C. Werner
JEANNE C. WERNER
Deputy Attorney General

Attorneys for Complainant

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(2/10/98)

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DECISION AND ORDER
OF THE BOARD OF ACCOUNTANCY

The foregoing Stipulation and Order, in Case No.
AC-96-29, is hereby adopted as the Order of the Board of
Accountancy, Department of Consumer Affairs, State of California.
An effective date of May 1st, 1998, has been assigned to
this Decision and Order.

Made this 1st day of April, 1998.



FOR THE BOARD OF ACCOUNTANCY

Its _____

1 DANIEL E. LUNGREN, Attorney General
of the State of California
2 JEANNE COLLETTE WERNER [State Bar No. 93170]
Deputy Attorney General
3 Department of Justice
2101 Webster Street, 12th Floor
4 Oakland, California 94612-3049
Telephone: (510) 286-3787
5 Fax: (510) 286-4020

6 Attorneys for Complainant

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8 **BEFORE THE**
BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA
9

10 In the Matter of the Accusation) NO. AC-96-29
Against:)
11) ACCUSATION
BRUCE LEONARD RAINE)
12 P. O. Box 288)
San Ramon, CA 94583)
13)
Certified Public Accountant)
14 Certificate No. CPA 35126)
15 Respondent.)

16
17 Complainant Carol B. Sigmann, as cause for disciplinary
18 action, alleges:

19 1. Complainant is the Executive Officer of the
20 California Board of Accountancy ("Board") and makes and files
21 this accusation solely in her official capacity.

22 LICENSE INFORMATION

23 2. On or about June 11, 1982, Certified Public
24 Accountant Certificate No. CPA 35126 was issued by the Board to
25 Bruce Leonard Raine ("Respondent"). Respondent's license was
26 renewed in an active status (with verification of continuing
27 education) during the period of December 1, 1993 through November

1 30, 1995. It was subsequently renewed in an inactive status
2 through November 30, 1997.

3 STATUTES, REGULATIONS, AND PROFESSIONAL STANDARDS

4 3. This accusation is brought under the authority of
5 section 5100 of the Business and Professions Code (hereinafter
6 "Code") which provides that the Board may revoke, suspend or
7 refuse to renew any permit or certificate issued by the Board, or
8 may censure the holder of any such permit or certificate for
9 unprofessional conduct, including any of the causes therein.

10 4. Section 5100(a) of the Code at all relevant times
11 provided and now provides, in pertinent part, that a licensee's
12 certificate may be revoked if the licensee is convicted of any
13 crime substantially related to the qualifications, functions, and
14 duties of a CPA.

15 5. Section 5100(h) of the Code at all relevant times
16 provided and now provides that a licensee's certificate may be
17 revoked for fiscal dishonesty or breach of fiduciary
18 responsibility of any kind.

19 6. Section 5100 (j) of the Code at all relevant times
20 provided and now provides, in pertinent part, that embezzlement,
21 theft, misappropriation of funds or property, or obtaining money,
22 property, or other valuable consideration by fraudulent means or
23 false pretenses constitutes unprofessional conduct.

24 7. The Board's regulations, codified in Title 16 of
25 the California Code of Regulations, provide, in section 99¹,

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27 1. The Board's rules, codified at Title 16 of the
California Code of Regulations in sections 1-99, are hereinafter
referred to as "Board Rule." Thus, section 99 is Board Rule 99.

1 that a crime or act shall be considered to be substantially
2 related to the qualifications, functions, or duties of a CPA if,
3 to a substantial degree, it evidences present or potential
4 unfitness to perform the functions authorized by the licensee's
5 certificate or permit in a manner consistent with the public
6 health, safety, or welfare. Board Rule 99 sets forth the
7 applicable substantial relationship criteria, which include
8 fiscal dishonesty or breach of fiduciary responsibility of any
9 kind.

10 8. Code section 5107 provides for recovery by the
11 Board of all reasonable costs of investigation and prosecution of
12 the case, including, but not limited to, attorney's fees in
13 specified disciplinary actions. A certified copy of the actual
14 costs, or a good faith estimate of costs signed by the Executive
15 Officer, constitute prima facie evidence of reasonable costs of
16 investigation and prosecution of the case.

17 CAUSES FOR DISCIPLINE

18 9. Respondent is subject to disciplinary action
19 pursuant to section 5100(a) of the Code in that, on or about July
20 18, 1995, in the United States District Court for the Eastern
21 District of California, in *United States of America v. Bruce*
22 *Raine*, Case No. CR.S-95-00312-001, he pled guilty to one count of
23 filing false claims against the United States during the time
24 period June 30, 1992 through September 15, 1994 (18 U.S.C. §
25 1003), which plea was accepted pursuant to a judgment filed on
26 November 18, 1995. Respondent was ordered to make restitution in
27 the amount of \$306,000 (jointly and severally with other

defendants); ordered to pay a \$5,000 fine; sentenced to probation for a term of five years; and was precluded by the court from employment where he has control over financial resources of non-profit or for profit agencies.

10. Circumstances. Respondent was one of the co-founders, in 1987, of the Child Care Coordinating Council of California, Inc. ("4C's"). This was a federally and state-funded program to monitor, educate and reimburse family day-care providers for serving meals to children enrolled in day-care programs. Under Respondent's directorship, 4C's served over 2,000 day-care providers. The State of California, as mandated by regulation, paid 4C's \$35 per day-care provider per month, which totalled \$840,000 annually.

Raine made an agreement to buy out the interest in 4C's of William Walker and Jeffrey Miller, the other co-founders. The agreement included an arrangement whereby Raine would pay Walker and Miller "consulting fees" for a period of five years, though no consulting services would actually be performed. In exchange, Walker and Miller resigned from their positions at 4C's, leaving Raine in control of the agency.

Though neither Walker nor Miller performed any consulting services for 4C's, Raine submitted false claims to the government for their "services" from 1991 through 1994.

11. Incorporating herein the matters set forth in paragraphs 9 and 10, Respondent's license is subject to discipline under Code section 5100(a) in that Respondent has been convicted of a crime substantially related to the qualifications,

1 functions or duties of a CPA, in that the crime evidences his
2 present or potential lack of fitness for licensure.

3 12. Incorporating herein the matters set forth in
4 paragraphs 9 and 10, Respondent's license is subject to
5 discipline pursuant to Code section 5100(h) in that his conduct
6 constitutes fiscal dishonesty.

7 13. Incorporating herein the matters set forth in
8 paragraphs 9 and 10, Respondent's license is subject to
9 discipline pursuant to Code section 5100(h) in that his conduct
10 constitutes the breach of his fiduciary responsibility.

11 14. Incorporating herein the matters set forth in
12 paragraphs 9 and 10, Respondent's license is subject to
13 discipline pursuant to Code section 5100(j) in that his conduct
14 constitutes embezzlement, theft, misappropriation of funds or
15 property, and/or obtaining money, property, or other valuable
16 consideration by fraudulent means or false pretenses.

17 OTHER MATTERS

18 15. Pursuant to Code section 5107, it is requested
19 that the administrative law judge, as part of the proposed
20 decision in this proceeding, direct Respondent to pay to the
21 Board all reasonable costs of investigation and prosecution in
22 this case, including, but not limited to, attorneys' fees.

23 16. It is charged, in aggravation of penalty, that the
24 Respondent's crimes involved the actual taking of great monetary
25 value and that he took advantage of a position of trust or
26 confidence to commit the offenses.

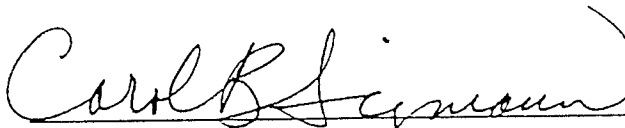
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PRAYER

WHEREFORE, complainant requests that the Board hold a hearing on the matters alleged herein, and that following said hearing, the Board issue a decision:

1. Revoking or suspending Certified Public Accountant Certificate No. CPA 35126, heretofore issued to Respondent Bruce Leonard Raine;
2. Awarding the Board costs as provided by statute; and
3. Taking such other and further action as the Board deems proper.

DATED: May 14, 1997


Carol B. Sigmann
Executive Officer
Board of Accountancy
Department of Consumer Affairs
State of California

Complainant

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C:\JEANNE\RAINE.ACC
(4/7/97)